

AR19

# Carma

Developers Ltd.

ANNUAL REPORT 1973





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### Cover

An artist's interpretation of contours symbolic of the land development industry.

The cover design by Nelson MacDonald is a miniature of the relief mural gracing the entrance to Carma's new head office building.

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## Highlights

# AR19

Carma Developers Ltd. and Subsidiary Companies

## Consolidated Statement of Source and Application of Cash

(Unaudited)

Six months ended June 30, 1973 and 1972

SOURCE OF CASH:	1973	1972
Operations		
Net income for the period .....	\$1,118,769	\$ 230,177
Items not requiring the outlay of cash		
Depreciation and amortization .....	13,319	16,350
Deferred income taxes .....	—	208,255
Write off of portion of excess of cost of subsidiary companies over book value thereof .....	20,900	—
Cash provided from operations	1,152,988	454,782
Decrease in trade and other receivables ..	3,255,992	596,490
Increase in bank indebtedness .....	2,400,000	—
Increase in payables and accruals .....	3,708,260	(1,361,585)
Increase in option deposits .....	73,829	420,479
Issue of Series C subordinated convertible debentures .....	989,520	1,660,740
Issue of common shares .....	18,961	2,361,401
Assumption of deferred tax upon acquisition of subsidiary company .....	92,940	—
	11,692,490	4,132,307
APPLICATION OF CASH:		
Increase in investment in land and utility costs .....	10,054,717	806,207
Increase in prepaid expenses .....	181,751	7,881
Increase in buildings and equipment .....	70,263	72,384
Increase in deferred financing costs .....	—	50,000
Increase in agreements for sale on commercial land .....	152,640	(131,350)
Decrease in bank indebtedness .....	—	2,577,211
Decrease in income taxes payable .....	122,297	—
Redemption of Series A and B debentures	—	503,655
Excess of cost of subsidiary company over book value thereof .....	624,761	236,141
Change in other assets and liabilities (net)	1,130	90,535
	11,207,559	4,212,664
Increase (decrease) in cash .....	\$ 484,931	\$ (80,357)

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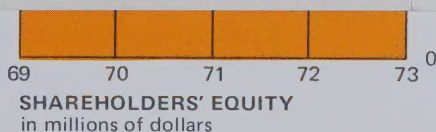
# Carma

## Developers Ltd.

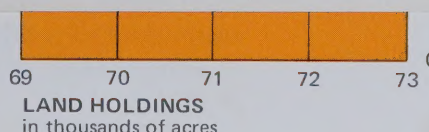
Progress report to shareholders for six months ended June 30, 1973



Carma's Silver Springs Home Show in Calgary.



SHAREHOLDERS' EQUITY  
in millions of dollars



LAND HOLDINGS  
in thousands of acres



**Carma**

Developers Ltd. Communities

planned for  
growing value.

## Progress Report to Shareholders

Your company's net earnings of \$1.1 million or 70 cents per share on sales of \$7 million in the first half of 1973 compare with net income of \$230,000 on sales of \$2.8 million after the first six months of 1972.

Income was derived from sales of serviced residential lots, commercial and multi-family sites in the Calgary and greater Vancouver areas.

Value of serviced residential lots currently under option to builders is \$5.2 million. Lots under option are not shown as sales in the accompanying financial statement; however it is expected the majority will be realized as sales in the last half of 1973.

Your company continued to improve its land inventory during the past six months with the purchase of 2,700 acres in Calgary, Edmonton, and Vancouver.

Lot draws scheduled for all three geographic areas will further enhance Carma's 1973 sales.

ROY WILSON  
President

**Head Office:** Suite 263, 1632 - 14th Ave. N.W., Calgary, Alta.

**Regional Offices:** 320 Macdonald Place, 9925 Jasper Ave.,  
Edmonton, Alta.

111, 812 Park Road, Richmond, B.C.

8306 - 120 Street, Surrey, B.C.

**Auditors:** Winspear, Higgins, Stevenson & Co.

**Transfer Agent:** Montreal Trust Co.

**Shares Listed:** Toronto Stock Exchange

Carma Developers Ltd. and Subsidiary Companies

## Consolidated Statement of Income

(Unaudited)

Six months ended June 30, 1973 and 1972

	1973	1972
Sales		
— Residential .....	\$6,036,859	\$2,779,387
— Commercial, high density and undeveloped acreage .....	953,700	58,390
	6,990,559	2,837,777
Cost of sales		
— Residential .....	4,097,726	2,185,617
— Commercial, high density and undeveloped acreage .....	363,116	30,624
	4,460,842	2,216,241
Gross profit .....	2,529,717	621,536
Interest and sundry income .....	155,630	66,455
	2,685,347	687,991
Administrative and general expense ...	321,640	129,916
Interest .....	69,047	103,293
Depreciation and amortization .....	13,319	16,350
	404,006	249,559
Income before provision for income taxes .....	2,281,341	438,432
Income taxes .....	1,162,572	208,255
Net income for the period .....	\$1,118,769	\$ 230,177
Average number of common shares outstanding .....	1,606,909	1,302,298

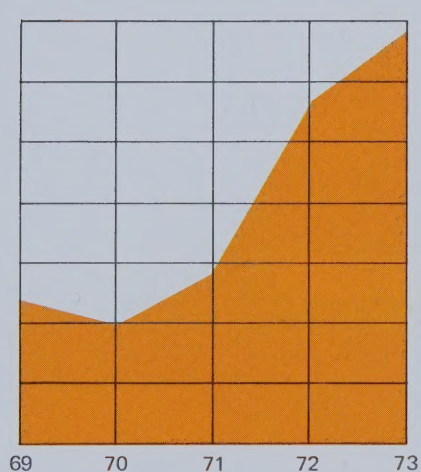
	1973		1972	
	No Dilution	Full Dilution	No Dilution	Full Dilution
Net income per common share	\$0.70	\$0.59	\$0.18	\$0.15
Cash flow per common share	0.72	0.61	0.35	0.28

## Highlights

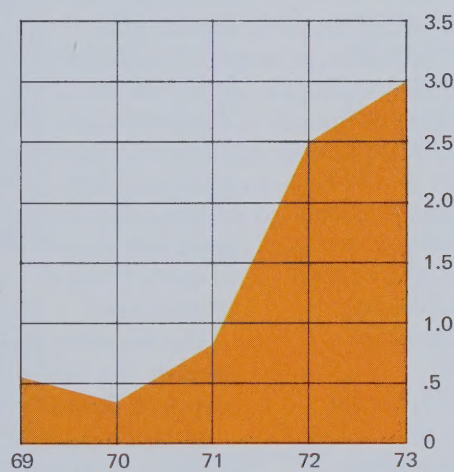
	1973	1972
<b>Financial</b>		
Sales	\$20,301,000	\$17,194,000
Net income	\$ 3,002,000	\$ 2,467,000
Net income per common share	\$ 1.87	\$ 1.70
Cash flow per common share	\$ 2.85	\$ 2.36
Common shares outstanding at year end	1,609,928	1,605,468

## Operating

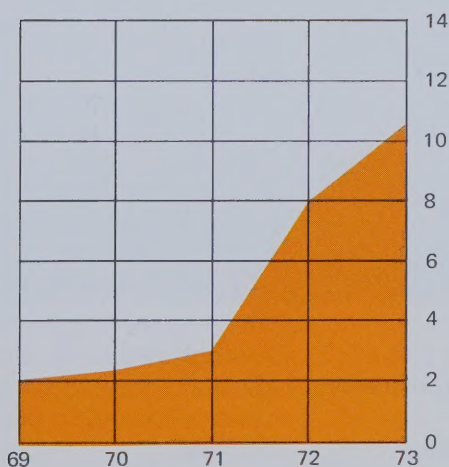
- Land acquired and district office opened in Hamilton, Ontario.
- Land bank expanded to 10,900 acres; net gain of 4,785 acres.
- Proposal for merger with Nu-West Development Corporation Ltd. under discussion.
- Marketing contracts negotiated with additional 26 homebuilders.



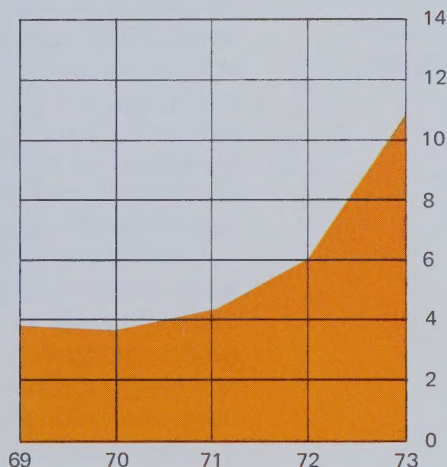
**SALES**  
in millions of dollars



**NET INCOME**  
in millions of dollars



**SHAREHOLDERS' EQUITY**  
in millions of dollars



**LAND HOLDINGS**  
in thousands of acres



## To the Shareholders

During 1973 Carma Developers Ltd. earned \$3,002,000 or \$1.87 per share on sales of \$20,301,000. This compares to earnings of \$2,467,000 or \$1.70 per share on sales of \$17,194,000 in 1972.

Income was received primarily from sales of serviced residential lots in Calgary, Edmonton and Vancouver.

Expansion operations in the new markets of Edmonton and Vancouver, and purchase of land for development in the Hamilton, Ontario, area were among highlights of the company's year. All established divisions showed a profit on 1973 operations. Their success, and the fact that 26 new home-building companies negotiated marketing contracts during the year, served to prove the soundness of the Carma system. It is anticipated that the Ontario division will begin to contribute to sales in 1974.

Carma's builder-shareholders indicate that their demand for serviced lots in 1974 will exceed last year's level. Near record demand is also indicated in industry forecasts of homebuilding in 1974. Carma is in a good position to meet these sustained market requirements.

As of December 30, 1973, Carma owned or controlled through option agreement

10,900 acres of land for immediate and future development in Calgary, Edmonton, Vancouver and Hamilton.

The acquisition of Sur-Del Builders Development Ltd. in Vancouver early in 1973 assisted in expansion of Carma's Vancouver-area land position and also contributed to sales in 1973. West Coast operations were further expanded with the purchase of land at Prince George. The new Ontario division has acquired 280 acres of land in the Hamilton area and expects to market developed building sites late in 1974.

Carma's land reserves are strategically located to take advantage of growth patterns in the major urban centres. Your company will continue its policy of expanding its land bank to assure future production. Carma's financial resources and bank line of credit are adequate to carry through expanded 1974 operations.

Government regulations often hamper the industry's ability to meet the demand for new housing.

Municipal financing policies result in double taxation for many new homeowners. This inequity occurs through development-agreement imposts and off-site assessments. As a result, the cost of home ownership increases, larger mortgages are required and fewer families can meet qualifying salary requirements.

Government land banks in many instances have aggravated the land supply situation, causing increases in the cost of raw land and allowing speculators large windfall profits.

Governments at all levels



Silver Springs home show.



A residence in Varsity Estates.

must adopt housing supply as a policy and provide a climate in which the private sector can meet the demand and check rising housing costs.

Carma's new head office building has been completed and all districts in Calgary are operating from the same premises. We are sure all personnel appreciate these more pleasant and efficient working conditions. We congratulate our employees for their dedicated efforts which allowed your company once again to exceed its goals for the year.





Silver Springs and Varsity Estates.



Silver Springs Golf and Country Club.



Entrance to Head Office building.

Positive results from Carma's design control system were evident in the improved appearance of new communities in 1973. These controls were well received by builder-shareholders and the public.

Your company's annual meeting will be of particular interest because of the proposed merger of Carma Developers Ltd. and Nu-West Development Corporation Ltd. Independent evaluations of both companies are currently under way. If negotiations are concluded favorably and the consent of shareholders and regulatory agencies is obtained, the merger could be concluded in the first half of 1974.

The merger philosophy includes creation of a new operational division for the acquisition and development of income-producing properties to be retained in the company's portfolio.

We look forward to an exciting and productive year.

R.T. Scurfield,  
Chairman

Roy Wilson,  
President



## Review of Operations

Carma operations in 1973 were highlighted by expansion into new market areas and the negotiating of marketing contracts with 26 new homebuilders, it was reported by C.J. Combe, executive vice-president.

All districts established as operational in 1973 showed a profit on operations and the new Hamilton district is expected to be operational in 1974.

S. Eric Johnson, well known in the development industry in Ontario and a former president of the Housing and Urban Development Association of Canada, was named director of operations for the Carma Developers (Ontario) Ltd. subsidiary. Eric F. Vincent was appointed manager of the company's Hamilton district where development is scheduled to take place this year.

Carma acquired 280 acres of land for residential development in the Hamilton area. A major 240-acre portion of the property, abutting the King Forest Park on the eastern limits of Hamilton, is located on the mountain brow overlooking Glendale Golf and Country Club. Trunk services are being extended to this area.

All outstanding shares of Sur-Del Builders Development Ltd. were acquired by Carma early in 1973. With land holdings centred largely in the attractive Surrey and Delta areas of greater Vancouver, Sur-Del contributed to Carma's sales, the Vancouver land bank

and to management capability.

L.R. Bourne, of Sur-Del, was elected to the Carma board of directors. George Greenwell has continued in his position as district manager.

The first phases of Carma's Pitt Meadows community in the Vancouver area were completed and marketed in 1973 under the direction

of District Manager Bryan Winspear.

New phases of this attractive project are now under construction.

Twenty new builder-shareholders were issued marketing contracts in the Vancouver Division in 1973.

Rapid progress characterized the first full year of operation



The attractive Pitt Meadows community.



Glen Robertson community in Vancouver area.



by the Edmonton Division under the direction of David MacDougall. Marketing contracts were negotiated with five new homebuilders, bringing the Edmonton total to 24.

The home show has been established as a highly successful marketing technique and the first Carma-sponsored showing of model homes in the Edmonton area was staged in the St. Albert community. The show was well received by builders and the public and a second St. Albert show will open in the early summer to complete marketing of Carma's Braeside community.

Carma has obtained a substantial land position, with some 1,700 acres of land owned or controlled by option in the metropolitan Edmonton area.

Construction is under way in the Belmead community in West Jasper Place and the choice Petrolia district of southwest Edmonton. Preliminary planning is under way for the Blue Quill neighborhood of Kaskitayo and planning of the total area to the south in Mill Woods will begin this year.

In Calgary, District I, under the management of Rudy Janzen, has marketed the first phase of the new PineRidge Properties community. One of the most ambitious home shows the company has scheduled is to open during May to assist builders in Phase 1 and two additional phases to be constructed during 1974.

New standards of Planned Neighborhood Development have been introduced to Calgary in the PineRidge community. Community facilities, including tennis courts and other recreational amenities and an

all purpose community centre complex will have been completed for the use of new residents by the time they move in.

Marketing of the moderate-price DoverGlen community was completed in 1973.

Meanwhile, the City of Calgary is scheduled to seek annexation of a major 2,400-acre area for residential development in northwest Calgary. Carma controls 1,280 acres of land within the annexation area. A major environmental and planning study is now being carried out by consultants. Approvals for the first phase of development are being sought for late 1974.

Design and architectural controls have been applied in the PineRidge area.

Calgary District 2 under manager Gary Reed was the major contributor to Carma sales in 1973.

Phase 2 of Silver Springs, with 526 lots, was drawn for by builders in 1973 and home construction is well under way.

Installation of utilities in Phases 3 and 4, with an additional 500 lots, is scheduled for completion in 1974.

The major Silver Springs home show was the first to be kept open for a one-year period and has proved highly successful for builders marketing homes in the area. Another show for Phases 3 and 4 is being planned.

The Silver Springs community swimming pool, focal point of recreational development in the community, was donated by Carma to the city in time for the 1973 summer season.

A new phase is under development in the Okotoks area south of Calgary and the Cedarbrae West community in southwest Calgary is nearing completion.

A popular victory was recorded by veteran Canadian golfer, Al Balding, in the Alberta Open Golf Championship at Carma's Silver Springs Golf Course in Varsity Estates in the early summer. Balding stroked a course-record 68 in the first round of the event. Press, players and the public were impressed by the 6,818-yard championship layout and the homes around it.

Carl Cheverie, M.B.A., P.Eng., was named assistant district manager in District 2; and Rudy Koop, P.Eng., was appointed assistant manager in District 1.



Head Office interior.



## Corporate Social Responsibility

Carma has instituted a program of Corporate Social Responsibility. A guideline for the amount the company will allocate to the program has been set.

In examining the program each year, Carma is able to assess its corporate performance against what is publicly expected as well as in comparison to other companies in the development industry.

Programs required by enforceable law or regulation are not considered to be items of social performance.

The Carma philosophy is based on the principle that responsible private enterprise is good for the community and good for the company.

Cash and product contributions to social institutions are included, and Carma has designed a program in this regard to include the usual corporate donations and also specially designed projects such as Junior Sports and Recreational Development.

The expertise of company personnel is regularly placed at the disposal of industry and public organizations and this involvement is to the benefit of both. When allowed to work on projects of a major scale, the company is able to finance thorough social planning as well as advanced physical planning.

The effect of the Corporate Social Responsibility program will be to enhance the marketability of improved new Carma communities and to maintain an acceptable standard of public service in other ways.



The Carma Home Show in St. Albert.



Silver Springs community pool.



Planned PineRidge community building.



## Financial Review

The year 1973 was one of growth and expansion, not only in the operations areas, but similarly in the area of finance.

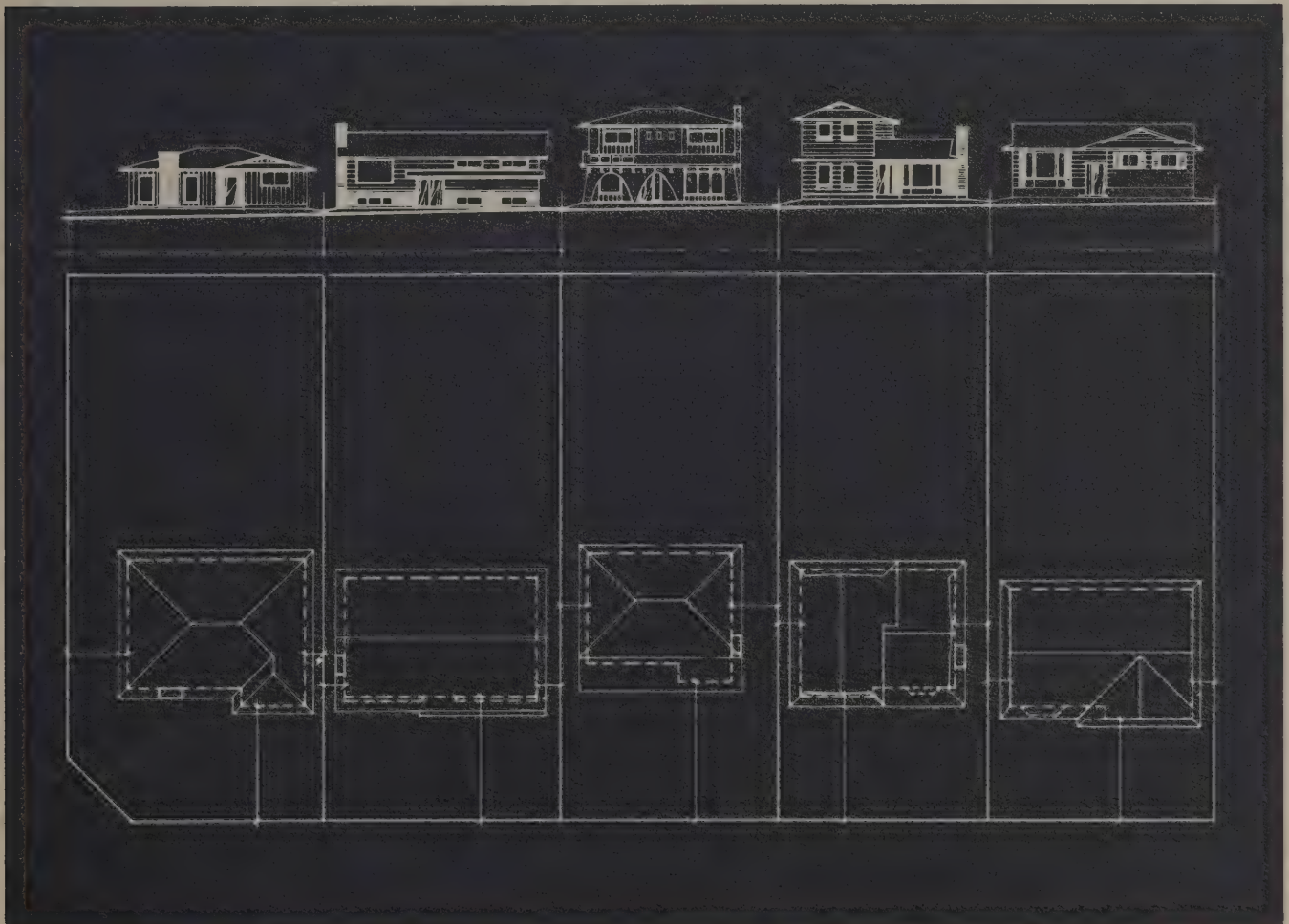
Sales increased by \$3,107,186 or 18 per cent over 1972. This increase was obtained in sales of low density residential lots rather than sales of commercial, high density and undeveloped acreage which remained stable compared to 1972. Both Edmonton and Vancouver operating divisions contributed their first full year to the income stream of the company.

As reported earlier, net income rose to \$3,001,928 (\$1.87 per common share) in 1973 compared

to \$2,467,080 (\$1.70 per common share) in 1972. This represents a 22 per cent increase. Cash flow increased to \$4,587,034 in 1973 from \$3,428,283 a year earlier. This represents \$2.85 and \$2.36 per common share in 1973 and 1972 respectively.

Total assets at December 30, 1973, were \$44,590,697 up 90 per cent over 1972. Investment in land was the major contributor to this large increase and was financed by operations, term bank loans and long term agreements for sale.

The Company's bank line of credit was increased to \$12 million from \$6.5 million for the fiscal year. Additional Series C subordinated convertible debentures were also issued during the year.



Plot plan of PineRidge home show illustrates effects of design-control system and profile of street.



## Auditor's Report

To the Shareholders  
of Carma Developers Ltd.

We have examined the consolidated balance sheet of Carma Developers Ltd. and its subsidiary companies as at December 30, 1973 and the consolidated statements of income and retained earnings and source and application of cash for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of Carma Developers Ltd. and its subsidiary companies as at December 30, 1973 and the results of their operations and the source and application of their cash for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

CALGARY, Alberta  
March 1, 1974.

*Winpear Higgins Stevenson & Co.*

Chartered Accountants




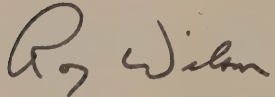
**Consolidated Statement of Income and Retained Earnings**  
**Year Ended December 30, 1973**

	1973	1972
Sales - Residential	\$18,098,595	\$14,932,218
- Commercial, high density and undeveloped acreage	2,202,230	2,261,421
	<u>20,300,825</u>	<u>17,193,639</u>
Cost of sales - Residential	12,406,531	10,968,339
- Commercial, high density and undeveloped acreage	823,928	887,109
	<u>13,230,459</u>	<u>11,855,448</u>
Gross profit	7,070,366	5,338,191
Interest and sundry income	386,622	167,271
	<u>7,456,988</u>	<u>5,505,462</u>
Administrative and general expenses	1,084,342	548,795
Interest (Note 12)	167,245	144,445
Depreciation and amortization	115,163	28,513
	<u>1,366,750</u>	<u>721,753</u>
Net income before income taxes	6,090,238	4,783,709
Income taxes		
Current	1,618,367	1,383,939
Deferred (Note 10)	1,469,943	932,690
	<u>3,088,310</u>	<u>2,316,629</u>
Net income	3,001,928	2,467,080
Retained earnings, beginning of year	5,477,984	3,010,904
Retained earnings, end of year	<u>\$ 8,479,912</u>	<u>\$ 5,477,984</u>
Earnings per share (Note 15)		

The accompanying notes form part of this statement.



**Consolidated Balance Sheet**  
**December 30, 1973**

Assets	1973	1972
Cash and deposit receipts	\$ 217,118	\$ 735,961
Receivables		
Trade, secured by agreements for sale maturing within one year	10,346,370	7,429,965
Agreements for sale on commercial land (Note 3)	1,770,400	1,179,766
Other	474,812	688,011
Land, developed and under development, at cost (Notes 4 and 6)	5,816,739	3,197,790
Prepaid expenses and deposits	349,164	161,576
Land held for future development, at cost (Notes 5 and 6)	23,832,639	9,418,627
Land, buildings and equipment, at cost less accumulated depreciation, 1973 — \$93,522; 1972 — \$50,739	897,218	396,340
Deferred financing costs, less amortization, 1973 — \$13,375; 1972 — \$4,091	80,721	77,738
Excess of cost of subsidiary companies over book value thereof, less amortization, 1973 — \$55,380; 1972 — Nil	805,516	236,141
ON BEHALF OF THE BOARD		
 Director		
 Director	<u>\$44,590,697</u>	<u>\$23,521,915</u>

The accompanying notes form part of this statement.



**Liabilities****1973****1972**

Bank indebtedness (Note 7)	\$ 190,000	\$ —
Payables and accruals (Note 8)	7,956,110	4,532,993
Option deposits	168,465	36,052
Income taxes payable	1,605,766	1,278,569
Payable on land under development	349,648	401,718
Long term debt (Note 9)	19,228,630	6,773,636
Deferred income taxes (Note 10)	4,199,021	2,636,138
	<u>33,697,640</u>	<u>15,659,106</u>
Contingent (Note 14)		
<b>Shareholders' Equity</b>		
Share capital (Note 11)		
Authorized		
3,000,000 shares without nominal or par value		
Issued and outstanding		
1,609,928 shares (1972 — 1,605,468) for		
a consideration of	2,402,074	2,373,754
Contributed surplus	11,071	11,071
Retained earnings	8,479,912	5,477,984
	<u>10,893,057</u>	<u>7,862,809</u>
	<u>\$44,590,697</u>	<u>\$23,521,915</u>



**Consolidated Statement of Source and Application of Cash**  
**Year Ended December 30, 1973**

	1973	1972
<b>Source of cash</b>		
Operations		
Net income for the year	\$ 3,001,928	\$ 2,467,080
Items not requiring the outlay of cash		
Depreciation and amortization	115,163	28,513
Deferred income taxes	1,469,943	932,690
	<u>4,587,034</u>	<u>3,428,283</u>
Decrease in agreements for sale on commercial land	—	174,500
Increase in bank indebtedness	190,000	—
Increase in payables and accruals	3,423,117	1,630,824
Increase in option deposits	132,413	—
Increase in income taxes payable	327,197	1,517,206
Increase in term bank loans	5,480,000	—
Increase in 8% subordinated convertible debentures	989,520	1,660,740
Issue of common shares	28,320	2,368,600
Deferred income taxes of subsidiary company purchased	92,940	—
	<u>15,250,541</u>	<u>10,780,153</u>
<b>Application of cash</b>		
Increase in trade and other receivables	2,703,206	5,323,150
Increase in agreements for sale on commercial land	590,634	—
Increase in investment in land and utility costs	11,099,557	258,747
Increase in prepaid expenses	187,588	95,107
Increase in buildings and equipment	551,377	26,991
Increase in deferred financing costs	12,267	81,829
Decrease in bank indebtedness	—	3,288,461
Decrease in option deposits	—	277,898
Redemption of Series A and B debentures	—	563,150
Excess of cost of subsidiary companies over book value thereof at date of acquisition	624,755	236,141
	<u>15,769,384</u>	<u>10,151,474</u>
Increase (decrease) in cash and deposit receipts	(518,843)	628,679
Cash and deposit receipts, beginning of year	735,961	107,282
Cash and deposit receipts, end of year	<u>\$ 217,118</u>	<u>\$ 735,961</u>

The accompanying notes form part of this statement.



**Notes to Consolidated Financial Statements**  
**December 30, 1973**

**1. Accounting policies**

The Company's accounting policies follow the recommendations of the Canadian Institute of Chartered Accountants and the Canadian Institute of Public Real Estate Companies. The following is a summary of these policies:

**(a) Income recognition**

Land sold is recognized as income for accounting purposes on the date on which title to the land passes on closing of the sale. Land sold by way of an agreement for sale is recognized as income when the agreement for sale is duly executed and delivered. In both cases, income is recognized only when the Company has received a cash down payment of not less than fifteen per cent.

**(b) Land costs**

The Company determines the cost of developed lots sold and unsold as follows:

- (i) Undeveloped land cost is prorated on an acreage basis in each phase of a subdivision under development.
- (ii) Servicing costs are estimated and prorated on a front footage basis in each phase of a subdivision under development.
- (iii) Upon the substantial completion of each phase of a subdivision under development any difference between actual and estimated servicing costs is recognized by way of adjustment in the accounts.
- (iv) Each phase of a subdivision under development is treated as a complete development area.

**(c) Capitalization of costs**

The Company capitalizes the following as a part of the cost of land held for future development:

- (i) Interest on agreements relating directly to the acquisition of land held for future development.
- (ii) Real estate taxes on land held for future development.
- (iii) Interest on general long term debt borrowing deemed applicable to the Company's investment in land held for future development.
- (iv) Other direct costs applicable to land held for future development, including administrative overhead, commissions, legal fees, soil testing and engineering studies.

**2. Principles of consolidation and accounting presentation**

The consolidated financial statements include:

- (i) The assets and liabilities and results of operations of all of the Company's subsidiaries and,
- (ii) The proportionate share of assets, liabilities, income and expense of the Company's interest in unincorporated joint ventures. The Company has a 50 per cent interest in all joint ventures to which it is a party.



### 3. Agreements for sale on commercial land

The agreements for sale on commercial land yield interest at varying rates up to 10 per cent. Principal payments due on these agreements are as follows:

1974	\$ 821,450
1975	588,950
1976	120,000
1977	120,000
1978	120,000
	<u>\$ 1,770,400</u>

### 4. Land, developed and under development

	<u>1973</u>	<u>1972</u>
Land, developed and under development, at total estimated cost	\$ 9,074,235	\$ 5,828,083
Deduct: Estimated costs to complete	<u>3,257,496</u>	<u>2,630,293</u>
Land, developed and under development, at cost to date	<u>\$ 5,816,739</u>	<u>\$ 3,197,790</u>

### 5. Land held for future development

Land held for future development, including option deposits, is stated at cost, and includes the following:

	<u>1973</u>	<u>1972</u>
Land and option deposits, at cost	\$21,774,223	\$ 8,442,036
Interest	1,213,536	482,783
Development costs	516,862	373,481
Taxes, professional fees and commissions	221,128	72,945
General and administrative expenses	<u>106,890</u>	<u>47,382</u>
	<u>\$23,832,639</u>	<u>\$ 9,418,627</u>

To acquire the land under option an additional expenditure of \$12,817,810 (1972 — \$3,618,571) will be required.

During the year \$1,136,390 (1972 — \$386,739) was charged to land held for future development for interest, taxes, professional fees and commissions and general and administrative expenses.

### 6. Land appraisal

The Company's land was appraised as at December 30, 1973 by J.C. Leslie, A.A.C.I. of J.C. Leslie & Co. Ltd., Appraisers and Real Estate Consultants. The results of the appraisal are as follows:

Appraised value	
Land, developed and under development	\$17,742,586
Land held for future development	<u>81,425,961</u>
Total appraised value	<u>\$99,168,547</u>
Appraisal increment	
Excess of appraised value of land developed and under development over total cost thereof	\$ 8,668,351
Excess of appraised value of land held for future development over total cost thereof, excluding development costs	<u>45,292,374</u>
Total appraisal increment	<u>\$53,960,725</u>



The appraisals include no provision for selling and administrative expenses related to the sale of the appraised land.

Certain land held for future development in and adjacent to an area that has been proposed as a major park by the City of Calgary has been appraised on the basis of its value assuming it is available for development.

**7. Bank indebtedness**

The bank indebtedness is secured by a general assignment of receivables and a first floating demand debenture. Details of this debenture are described in Note 9.

**8. Payables and accruals**

	<u>1973</u>	<u>1972</u>
Trade and other payables	\$ 4,348,626	\$ 2,416,817
Accrued development costs on land sold	<u>3,607,484</u>	<u>2,116,176</u>
	<u>\$ 7,956,110</u>	<u>\$ 4,532,993</u>

**9. Long term debt**

	<u>1973</u>	<u>1972</u>
Payable on land held for future development		
Agreements for sale at interest rates varying up to 11% per annum	\$11,098,370	\$ 5,112,896

**Term bank loans**

The term bank loans, bearing interest at 1½ per cent over the prime bank rate, are secured by a first floating charge demand debenture on all the assets of the Company. The loans are repayable over a period of five years at a maximum annual repayment of \$2,000,000. This debenture, which replaces an existing floating charge debenture in the amount of \$6,500,000, was executed by the Company after December 30, 1973 to secure a line of credit of \$12,000,000. Of this amount \$2,000,000 has been allocated to current operating loan requirements. The remaining \$10,000,000 has been allocated to provide the Company with \$6,100,000 U.S. and \$3,900,000 Canadian funds for long term purposes. As at December 30, 1973, \$2,600,000 U.S. and \$2,880,000 Canadian has been drawn on this line of credit.

5,480,000      —

**8% Subordinated convertible debentures, Series C**

The Series C debentures are secured by a floating charge on all the assets of the Company which ranks second to the security of the term bank loans as described in this Note. Series C debentures totalling \$1,660,740 are convertible into common shares of the Company at any time up to March 1, 1975 at a price of \$10 per share, are callable any time after March 1, 1975 and mature March 1, 1979. The remaining Series C debentures of \$989,520, which were issued during 1973, are convertible into common shares of the Company at any time up to March 1, 1976 at a price of \$10 per share, are callable any time after March 1, 1976 and mature March 1, 1980.

<u>2,650,260</u>	<u>1,660,740</u>
<u>\$19,228,630</u>	<u>\$ 6,773,636</u>



Repayments over the next five years amount to \$4,177,236 in 1974, \$2,624,189 in 1975, \$2,079,631 in 1976, \$2,495,708 in 1977 and \$2,091,013 in 1978.

#### 10. Deferred income taxes

The deferment of the payment of income taxes to future periods arises from:

- (a) The treatment of
  - (i) Utility costs expended on the development of subdivisions in relation to cost of sales recorded in the accounts.
  - (ii) Interest and other expenses relating to undeveloped land.
  - (iii) The deferred portion of financing costs, and
- (b) The recognition of profits for income tax purposes from land sales where the balance of the purchase price is receivable after the end of the year.

#### 11. Share capital

- (a) During the year 4,460 shares were issued pursuant to the Company's stock option plan for \$28,320.
- (b) The Company has a stock option plan under which 60,340 shares have been reserved for purchase by senior officers and employees. Options covering 56,800 shares have been granted, exercisable to July 31, 1981 at prices varying from \$6.00 to \$9.00 per share.
- (c) Reserved shares  
265,026 of the Company's shares are reserved for the conversion of the Series C subordinated convertible debentures described in Note 9.

#### 12. Interest

	<u>1973</u>	<u>1972</u>
Interest on long term debt and bank demand loans	\$ 1,066,872	\$ 346,854
Less: Interest applicable to land held for development	<u>899,627</u>	<u>202,409</u>
Interest expense	<u>\$ 167,245</u>	<u>\$ 144,445</u>

#### 13. Remuneration to directors and senior officers

The aggregate direct remuneration of directors and senior officers amounted to \$287,195 (1972 — \$178,626) for the year ended December 30, 1973, which amount included \$13,300 (1972 — \$21,700) in directors' fees.

#### 14. Contingent liabilities and commitments

The Company is committed to spend an estimated \$3,257,496 to complete subdivisions under development (Note 4). These commitments arise from development agreements entered into with municipal governments.

The Company is contingently liable with respect to letters of credit issued by a chartered bank totalling \$207,500. The letters of credit have been issued in lieu of performance deposits.



15. Earnings per share

	1973	1972
Earnings	\$1.87	\$1.70
Fully-diluted earnings	\$1.58	\$1.39

Earnings per share have been calculated on the basis of the weighted average number of shares outstanding during the year.

Fully-diluted earnings per share have been calculated as though the shares related to the conversion of Series C debentures, the exercise of stock options and the issuances of shares during the year had actually been issued at the beginning of the year. Earnings have been imputed at 8 per cent per annum before income taxes on the cash that would have been received had the above occurred. Interest expense was reduced with respect to the interest on these debentures that was not capitalized.

16. Subsequent events

On December 7, 1973 the Directors of the Company and the Directors of Nu-West Development Corporation Ltd., a Canadian public company, agreed to begin preliminary discussions concerning a proposed merger of the two companies. As at March 1, 1974 these discussions are continuing but no final decision on the merger has been reached by the Directors or Shareholders of either company.

17. Additional information

During the years 1969 and 1970, the Company constructed a golf course as part of the development of approximately 660 acres of land located in northwest Calgary. An amount of approximately \$1,600,000 being a portion of the golf course costs, has been allocated by the Company to the saleable commercial and residential land adjacent to and surrounding the golf course. The golf course land is dedicated for recreational use for 99 years. Although the Company regards its treatment of these costs as justifiable and proper, the Department of National Revenue has indicated that some re-assessment (details of which are not yet known) will be made. It appears, however:

- (i) that a substantial portion of the above cost will be treated as depreciable assets in respect of which the Company can claim capital cost allowance, and
- (ii) that a portion of the remaining cost will be disallowed.

Upon receipt of any re-assessment, the Company proposes to consider appeal proceedings.

No provision has been made in the accounts for income taxes which would become payable pursuant to any such re-assessment.



## Consolidated Financial Review

	1973	1972	1971	1970	1969
<b>Results of Operations</b>					
Sales	\$20,301,000	\$17,194,000	\$ 8,168,000	\$ 5,940,000	\$ 7,489,000
Gross profit	\$ 7,070,000	5,338,000	2,059,000	1,545,000	2,159,000
Net income before income taxes	\$ 6,090,000	4,784,000	1,573,000	717,000	1,092,000
Net income	\$ 3,002,000	2,467,000	798,000	348,000	557,000
Net income per share	\$ 1.87	1.70	.62	.27	.43
Cash flow per share	\$ 2.85	2.36	1.23	.35	.84

## Financial Position

Land, developed and undeveloped	\$29,649,000	\$12,616,000	\$11,004,000	\$ 8,888,000	\$ 6,371,000
Total assets	\$44,591,000	23,522,000	15,959,000	11,350,000	10,300,000
Long term debentures	\$ 2,650,000	1,661,000	563,000	628,000	692,000
Shareholders' equity	\$10,893,000	7,863,000	3,027,000	2,229,000	1,983,000
Book value per share	\$ 6.77	5.41	2.35	1.73	1.54
Average number of shares outstanding	1,608,168	1,453,389	1,288,500	1,288,500	1,288,500

## Carma Land Holdings

The following section illustrates land holdings of Carma and its subsidiaries in Calgary, Edmonton, Vancouver, Prince George and Hamilton areas.

Acreage totals listed on each map include Carma's 50 per cent share in joint venture properties, which are shown in their entirety on the maps. The scale varies from map to map and may not be completely accurate.

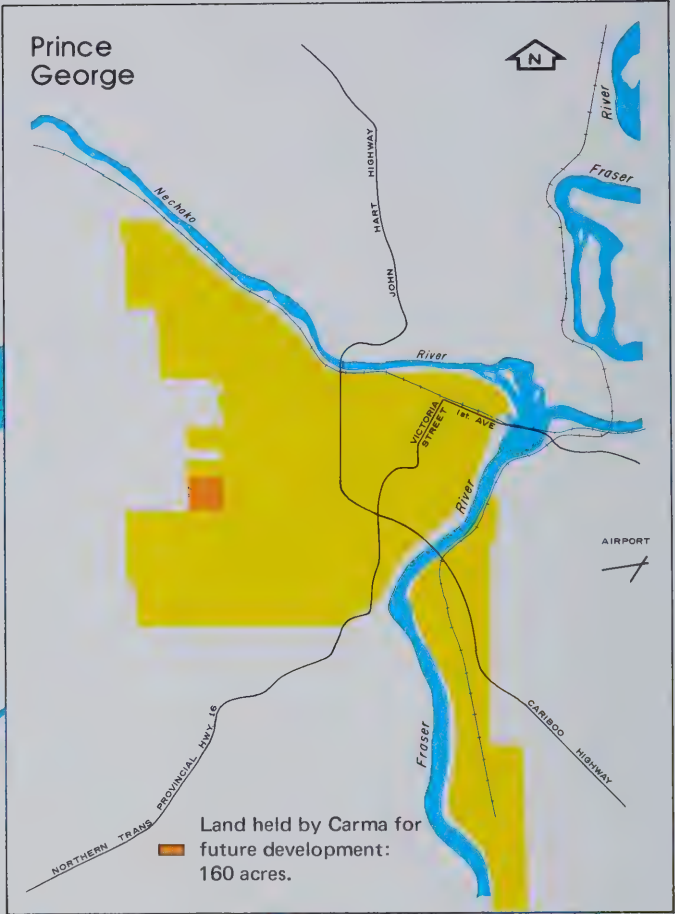
The maps are drawn to illustrate the general area of Carma's holdings in relation to the various urban areas.



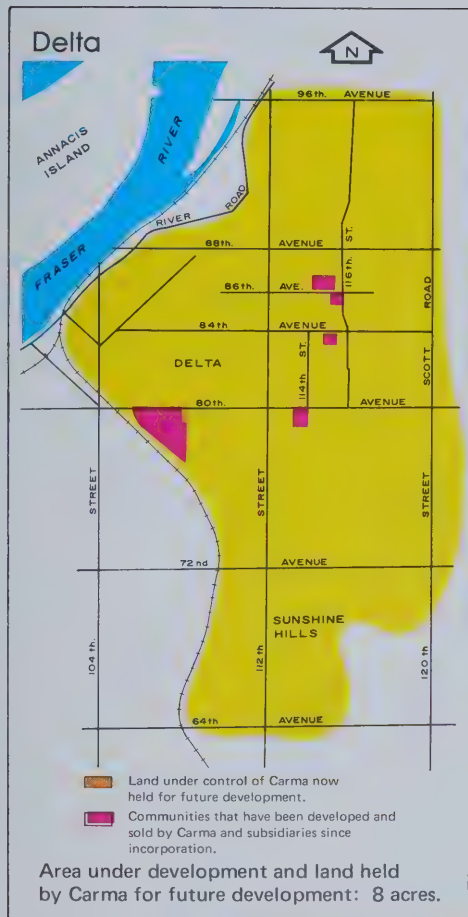
# District of Surrey



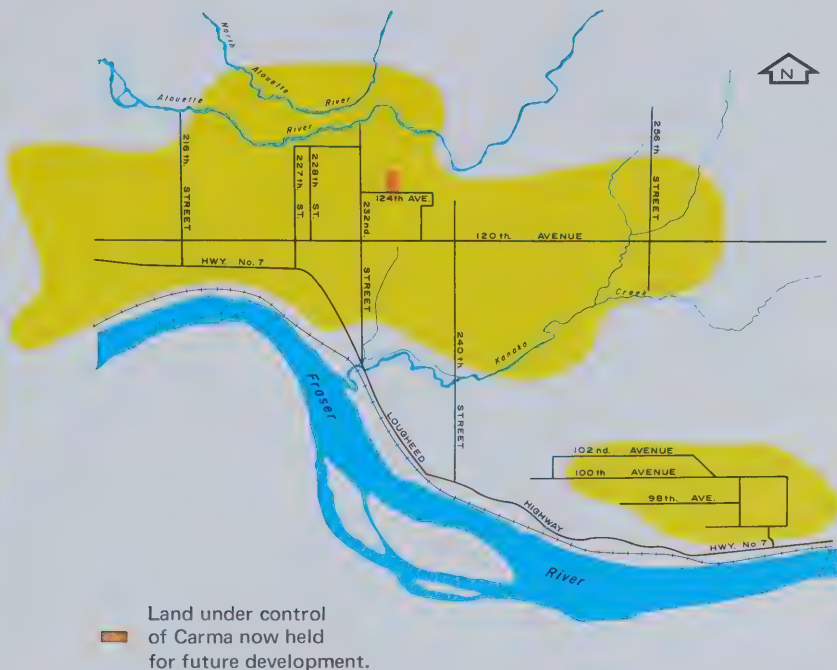
# Pitt Meadows







### Maple Ridge

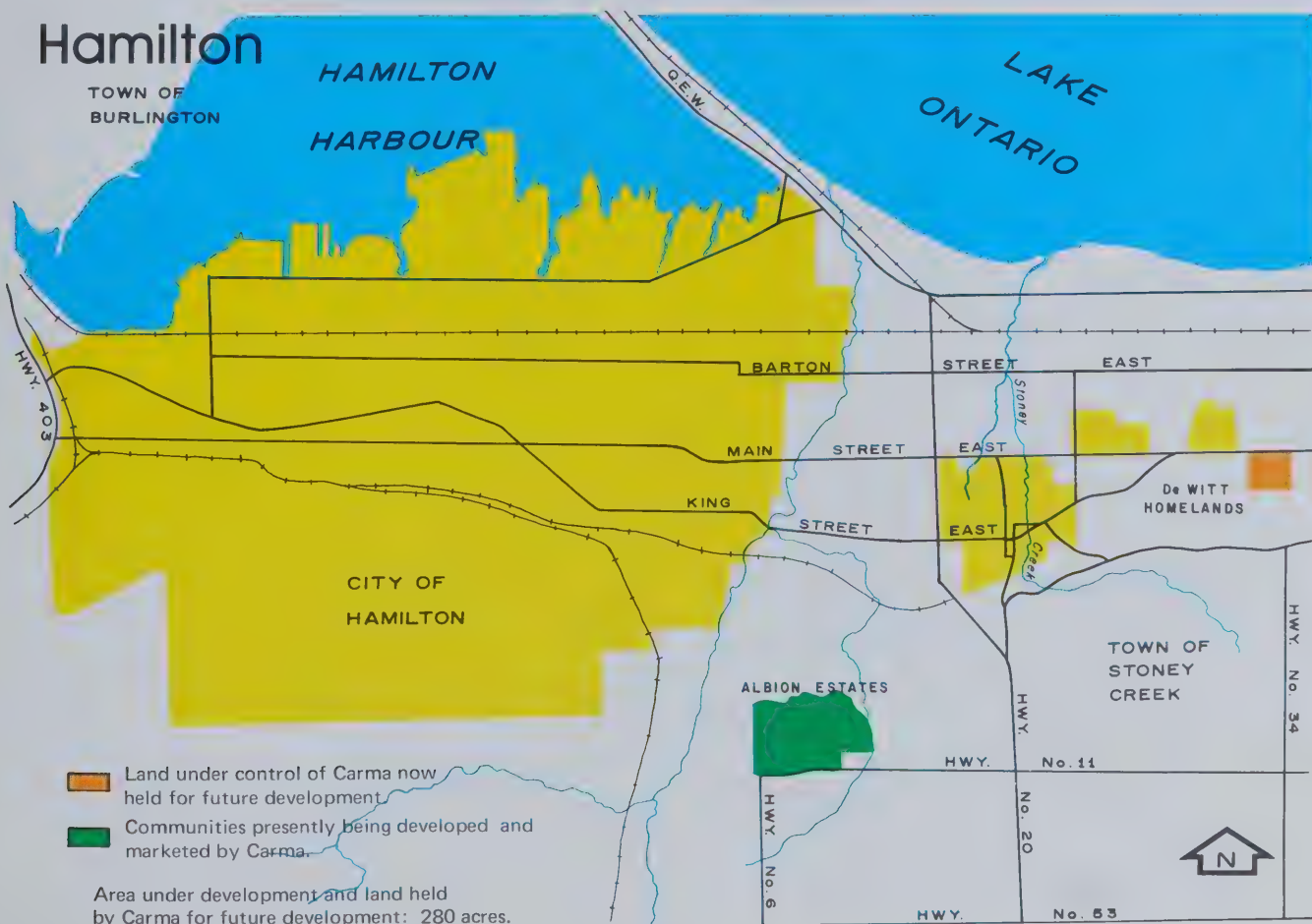


### Hamilton

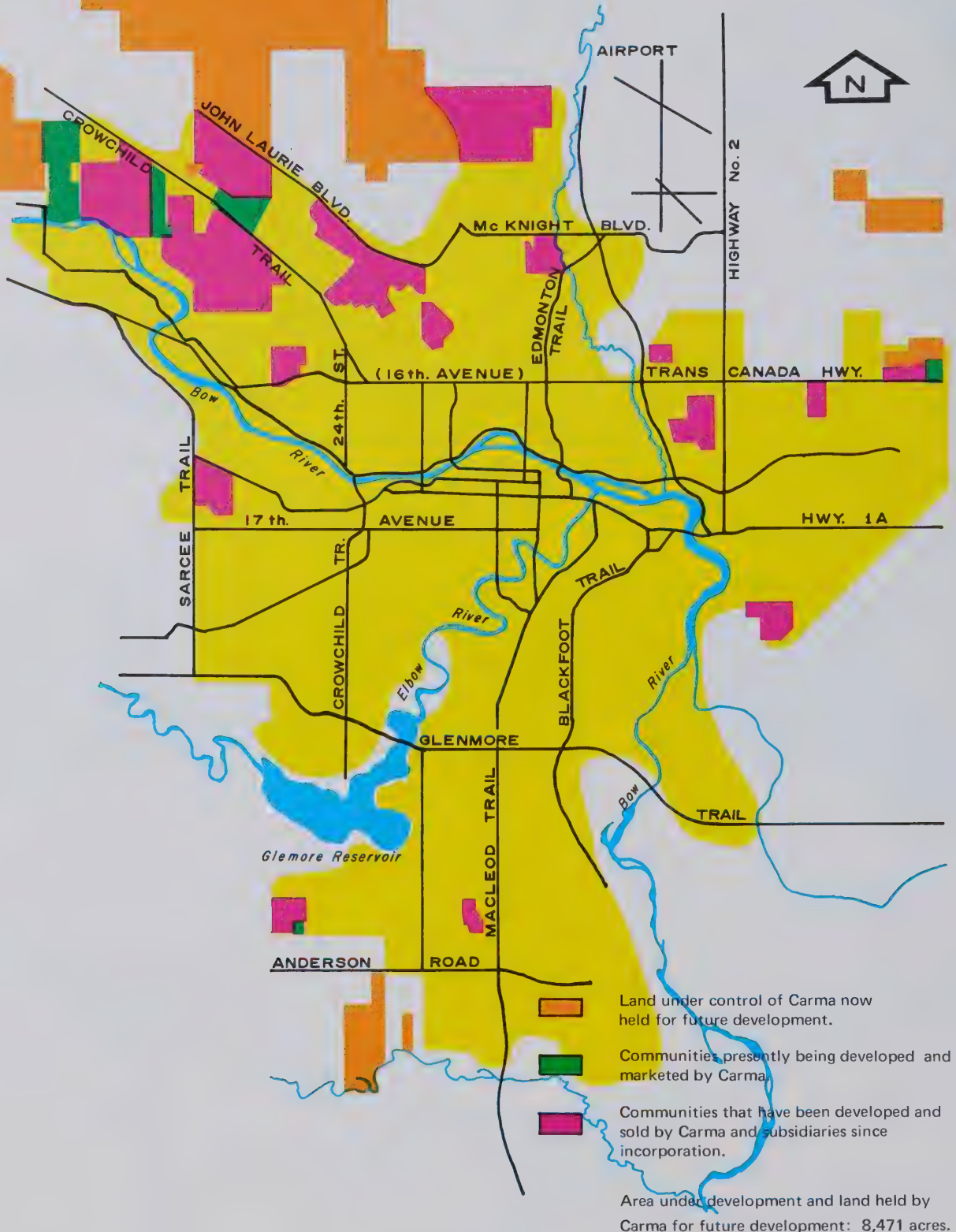
TOWN OF BURLINGTON

HAMILTON HARBOUR

LAKE ONTARIO

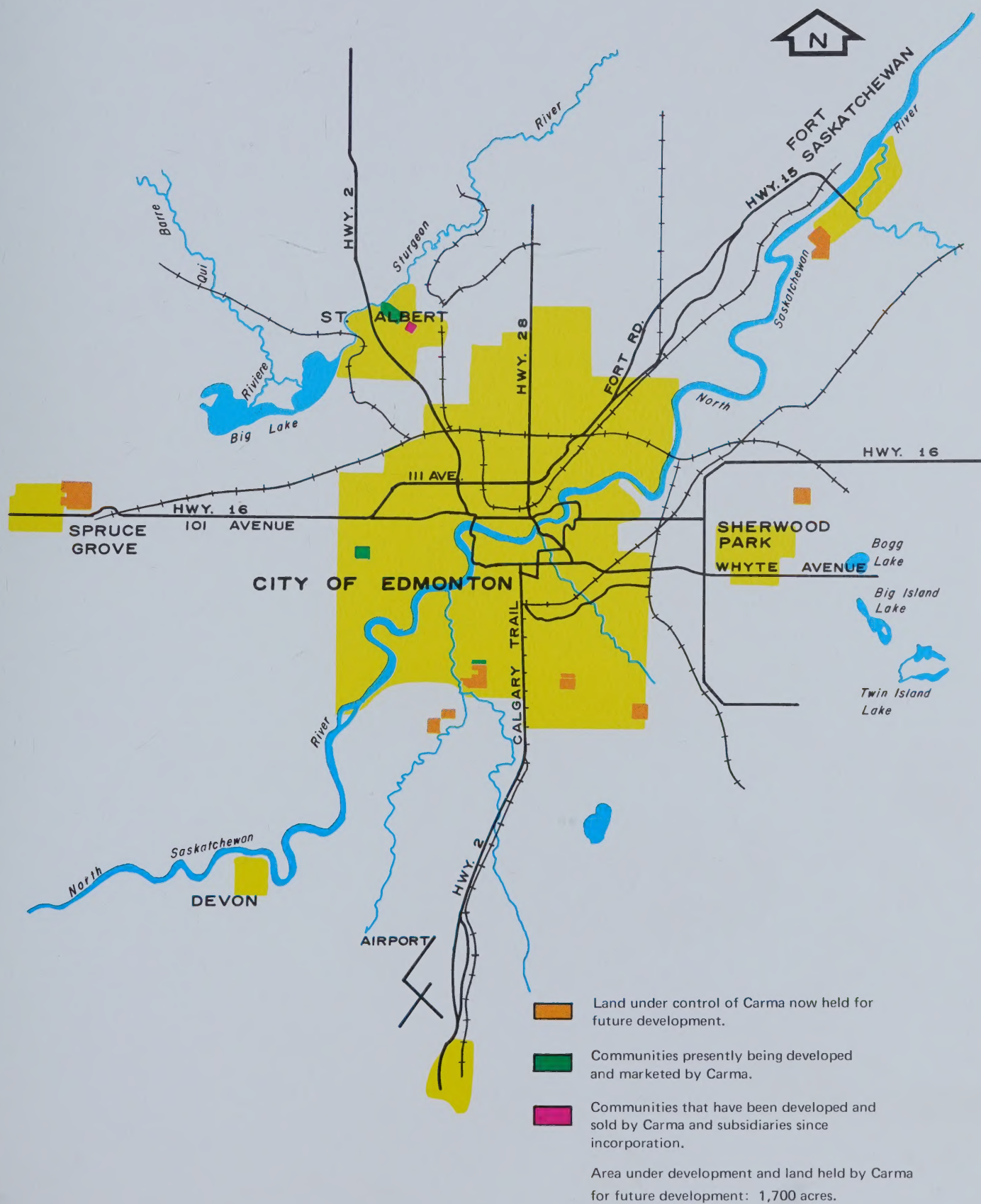


# Calgary





# Edmonton



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**Officers and Directors**

R.T. Scurfield	Chairman and Director	President Nu-West Development Corporation Ltd.
Roy Wilson	President and Director	
C.J. Combe	Executive Vice-President and Secretary	President Ebmoc Management Ltd.
A.M. Usselman	Vice-President and Director	President Anton Developments Ltd.
Howard Ross	Director	President Britannia Homes Ltd.
Klaus Springer	Director	President Springer Construction Ltd.
S.K. Hooper	Director	President Stanton Developments Ltd.
L.R. Bourne	Director	President Van-Bourne Homes Ltd.
S.H. Wood, Q.C.	Director	Partner MacKimmie, Matthews
George Heywood	Director	Retired partner Richardson Securities Ltd.
R.F. Leland, C.A.	Treasurer and Controller	

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**Builder-Shareholders with Marketing Contracts**

**Calgary:** A.B. Custom Designers Ltd.; Art Rempel Homes Ltd.; Atco Industries Ltd., (Cedarglen Homes Division); Britannia Homes Ltd.; Bamlett Construction Ltd.; B & H Homes Ltd.; Boldt, Gerhard; Built-Rite Developers Ltd.; \*Built-Rite Homes Ltd.; Dania Construction (1966) Ltd.; Engineered Homes Ltd.; F. Kuran Construction Ltd.; John Penner Construction Ltd.; \*Helen Jager Homes Division of Sterling Real Estate (Calgary) Ltd.; Gordon J. Hewitt; G. Janssen Homes Ltd.; J.K. Built Homes Ltd.; John Wagner Construction Ltd.; Koltes Construction Ltd.; Kvellestad, Norman and Lars; Master Craft Homes Ltd.; Mizera Construction Co. Ltd.; Neufeld Construction Ltd.; Nu-West Development Corporation Ltd.; Otto Bartel Homes Ltd.; Palace Homes Ltd.; Paragon Homes Ltd.; Park Place Projections Ltd.; Qualico Developments Ltd.; Rempel Construction Ltd.; Semon and Lucas Construction Ltd.; Spindler Construction Ltd.; Spindler Homes Ltd.; Springer Construction (Calgary) Ltd.; Wm. Lange Construction Ltd.

**Edmonton:** Alldritt Construction Ltd.; Amrin Investments Ltd.; Atco Industries Ltd. (Cedarglen Homes Division); \*Boychuck Construction Ltd.; Built-Rite Developers Ltd.; \*Cairns Homes Ltd.; \*Clarendon Construction Ltd.; Candlelight Homes Ltd.; Delwood Construction and Development Ltd.; Durham Homes Ltd.; Engineered Homes Ltd.; Marlo Homes Ltd.; Nu-West Development Corporation Ltd.; Oakland Homes Ltd.; \*Len Perry Homes (Edm.) Ltd.; \*Plainsman Builders Ltd.; Qualico Developments Ltd.; Quest Homes Ltd.; J. Schouten and Sons Contractors Ltd.; Schaaf Bros. Construction Ltd.; Skylark Construction Ltd.; Sommers Construction Ltd.; Springer Construction Ltd.; Stanton Developments Ltd.

**Vancouver:** \*Alecco Construction Ltd.; \*Allankay Construction Ltd.; \*Gerhard Bartel Building Contractor Ltd.; \*Bourne, L.R.; \*Bracco Homes Ltd.; \*J. Bright Holdings Ltd.; Engineered Homes Ltd.; \*Helmer, E.B.; \*Hill Developers Ltd.; \*Jacobsen, G.; \*Merriam, C.; Nu-West Mortgage and Investments Ltd.; \*Neal's Construction Ltd.; \*Ozols, V.; \*Peterson, G.; \*Plaza Construction Ltd.; \*Pearce Construction Ltd.; \*John Penner Construction Ltd.; \*Schmid Bros. Construction Ltd.; \*Sidney Devries Contracting Ltd.; Springer Construction Ltd.; \*Wurzhuber Construction Ltd.; \*Hoing Construction Ltd.

\* Issued marketing contracts since December 30, 1972

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**Subsidiary Companies**

Sur-Del Builders Development Ltd. Carma Developers (Edmonton) Ltd. Vandevco Development Ltd.  
Carma Developers (Realty) Ltd. Carma Developers (Ontario) Ltd.

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**Auditors:** Winspear Higgins Stevenson & Co.

**Transfer Agent:** Montreal Trust Co.

**Shares Listed:** Toronto Stock Exchange



**Head office:**

1700 Varsity Estates Drive N.W., Calgary, Alberta

**Divisional offices:**

320 Macdonald Place, 9925 Jasper Avenue,  
Edmonton, Alberta

8306 120 Street, Surrey, British Columbia

11 Hess Street South, Hamilton, Ontario



